

# Federal Housing Finance Agency FHLBank and CDFI Symposium

## An Introduction to the CDFI Fund

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June 20, 2024

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[www.cdfifund.gov](http://www.cdfifund.gov)



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# Our Mission

The CDFI Fund’s mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.



# Our Vision

The vision of the CDFI Fund is an America in which all people and communities have access to the investment capital and financial services they need to prosper.



## About the CDFI Fund

- Since its establishment, the CDFI Fund has awarded more than \$7.4 billion to CDFIs, community development organizations, and financial institutions through its funding programs, allocated \$76 billion in tax credits through the New Markets Tax Credit Program, and nearly \$2.5 billion in bonds has been guaranteed through the CDFI Bond Guarantee Program.
- The CDFI Fund's investments are leveraged many times over. From program to program, the leverage ratio varies, but most attract at least \$8 of private capital for every \$1 of federal spending.



# About the CDFI Fund



The CDFI Fund manages nine separate programs authorized through six different statutes:

- Riegle Community Development and Regulatory Improvement Act of 1994
  - Bank Enterprise Award Program (BEA Program)
  - Community Development Financial Institutions Program (CDFI Program)
  - Native American CDFI Assistance Program (NACA Program)
- Community Renewal Tax Relief Act of 2000
  - New Markets Tax Credit Program (NMTC Program)
- Housing and Economic Recovery Act of 2008
  - Capital Magnet Fund (CMF)
- Small Business Jobs Act of 2010
  - CDFI Bond Guarantee Program (BG Program)
- Dodd-Frank Wall Street Reform and Consumer Protection Act
  - Small Dollar Loan Program (SDL Program)
- Consolidated Appropriations Act of 2021
  - CDFI Equitable Recovery Program (CDFI ERP)
  - CDFI Rapid Response Program (CDFI RRP)

# What is a Community Development Financial Institution (CDFI)

- CDFIs are community-based organizations that expand economic opportunity in low-income communities and provide financial products and services to individuals and businesses often underserved by traditional financial institutions.
- CDFI help families finance their first homes, support small and start-up businesses, establish and rebuild credit histories, and invest in local health, education and community facilities, as well as provide financial services and training.
- CDFIs include banks, credit unions, loan funds, and venture capital funds.



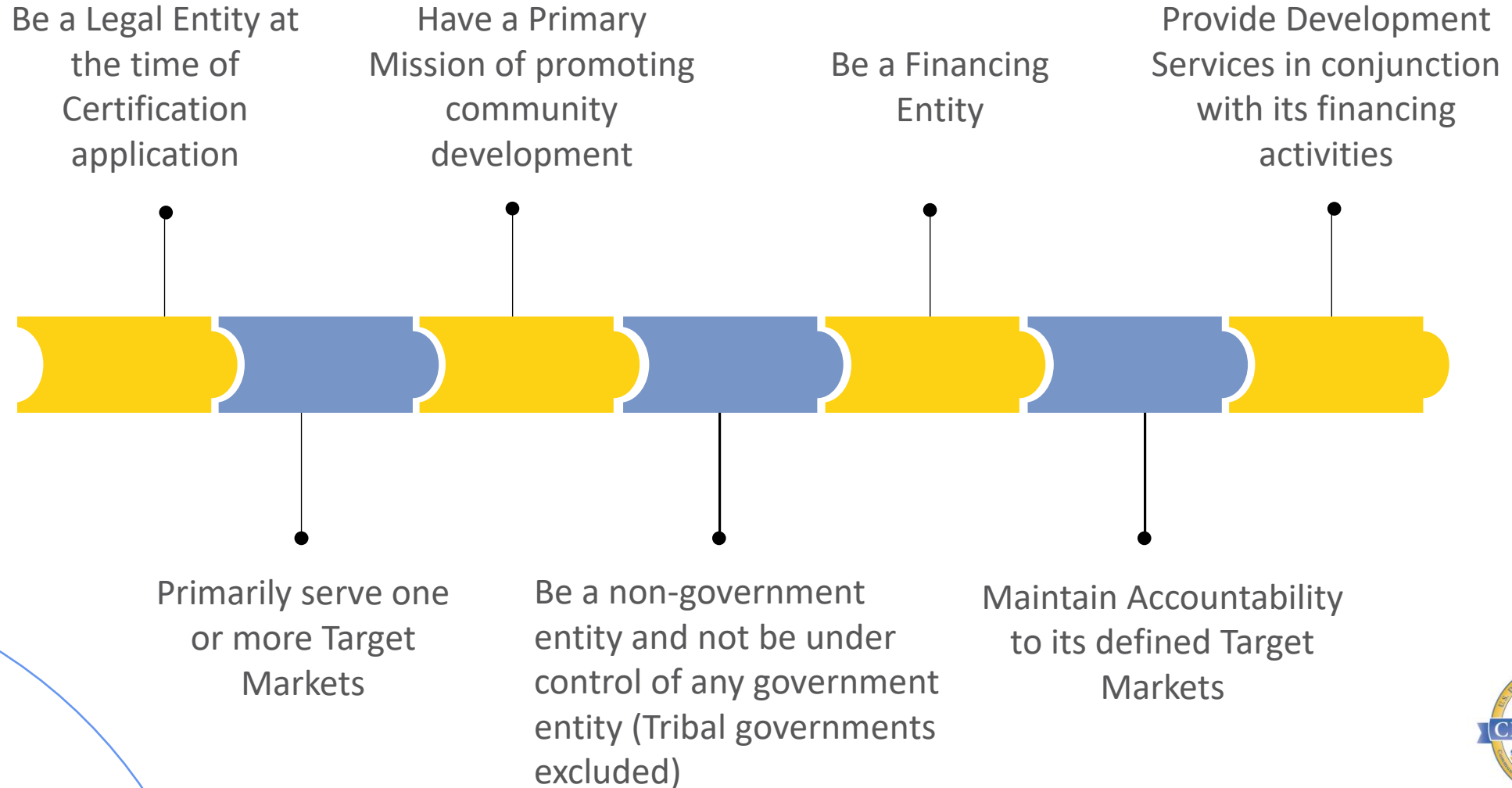
# CDFI Certification Criteria

- CDFI Fund has responsibility for certifying CDFIs in accordance with the statutory requirements outlined in the Riegle Community Development and Regulatory Improvement Act of 1994 and supporting regulations.
- Certification as a CDFI is required to participate in most CDFI Fund programs.
- The CDFI Fund verifies that an organization meets certification requirements through a series of validations and tests in the Certification Application.
- On an annual basis, CDFIs are required to confirm they continue to meet Certification requirements, as well as report on their yearly lending and investment activity, through submission of the Annual Certification and Data Collection Report (ACR).
- In December 2023, the CDFI Fund launched revised Certification Application and ACR. Over the next 18 months, CDFIs will be required to recertifying using the revised Application.





# CDFI Certification Criteria



# Types of CDFIs

## Community development banks, thrifts and bank holding companies

- Regulated for-profit corporations that provide capital to rebuild economically distressed communities through targeted lending and investment.

## Community development credit unions

- Regulated non-profit cooperatives owned by members that promote ownership of assets and savings and provide affordable credit and retail financial services to low-income people.

## Community development loan funds

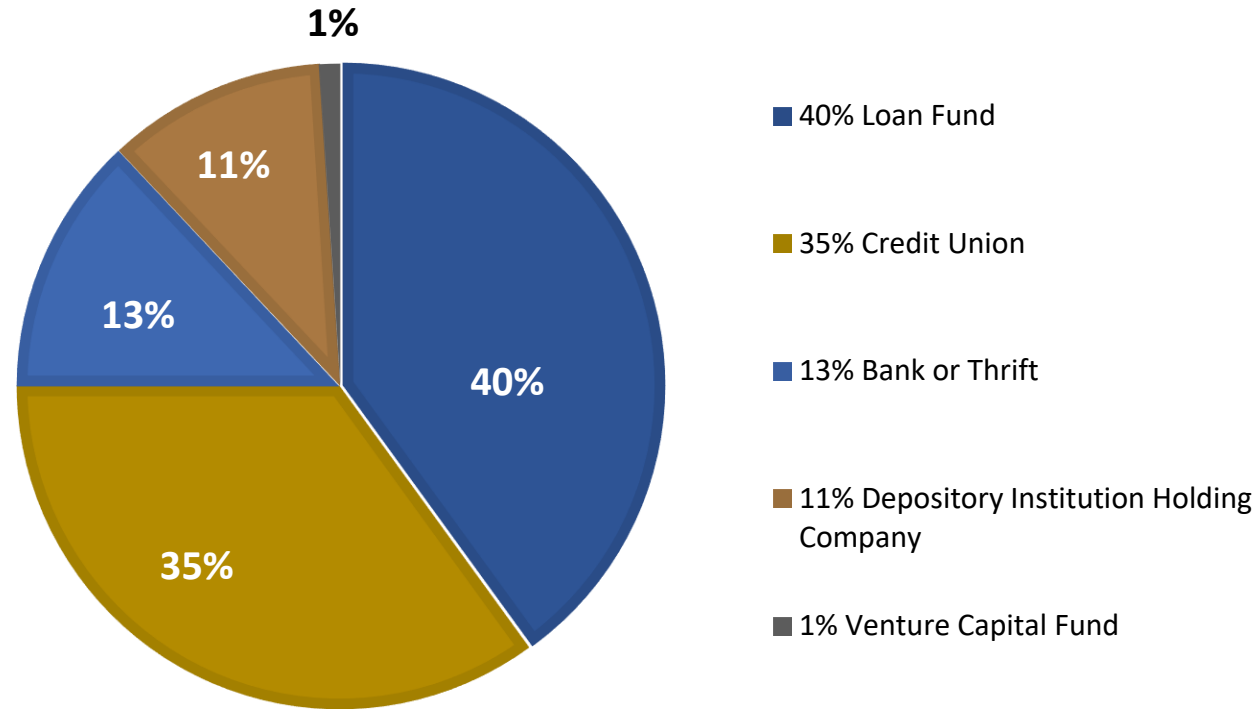
- (usually non-profits) Provide financing and development services to businesses, organizations and individuals in low-income urban and rural areas and can be further categorized based on the type of client served: micro-enterprise, small business, housing, and community service organizations.

## Community development venture capital funds

- Include both for-profit and non-profit organizations that provide equity and debt-with-equity features for businesses in distressed communities.



# Types of CDFIs



*(Percentage by type of 1,434 Certified CDFIs as of May 2024)*



# Types of CDFIs: Primary Lines of Business

| Primary Line of Business        | Bank/Thrift Share (N) | Credit Union Share (N) | Loan Fund Share (N) | Venture Capital Fund Share (N) | Total (N)   |
|---------------------------------|-----------------------|------------------------|---------------------|--------------------------------|-------------|
| Business Finance                | 27.5% (30)            | 0.5% (1)               | 29.7% (138)         | 40.0% (4)                      | 21.4% (173) |
| Commercial Real Estate Finance  | 29.4% (32)            | 0.0% (0)               | 8.8% (41)           | 10.0% (1)                      | 9.2% (74)   |
| Consumer Finance                | 5.5% (6)              | 95.5% (214)            | 7.3% (34)           | 0.0% (0)                       | 31.5% (254) |
| Intermediary Finance            | 0.0% (0)              | 0.0% (0)               | 2.4% (11)           | 10.0% (1)                      | 1.5% (12)   |
| Microfinance                    | 0.0% (0)              | 0.5% (1)               | 20.9% (97)          | 0.0% (0)                       | 12.1% (98)  |
| Other                           | 0.0% (0)              | 0.0% (0)               | 2.2% (10)           | 10.0% (1)                      | 1.4% (11)   |
| Residential Real Estate Finance | 37.6% (41)            | 3.6% (8)               | 28.7% (133)         | 30.0% (3)                      | 22.9% (185) |

Source: 2020 Annual Certification Report (ACR)

The top primary line of business across all CDFIs was consumer finance (31.5%) followed by residential real estate finance (22.9%) and business finance (21.4%). Differences exist among CDFI types with consumer finance as the top primary line of business for credit unions (95.5%) compared to residential real estate finance for banks/thrifts (37.6%) and business finance for loan funds (29.7%) and venture capital funds (40.0%).



# Types of CDFIs: Asset Sizes by Institution Type

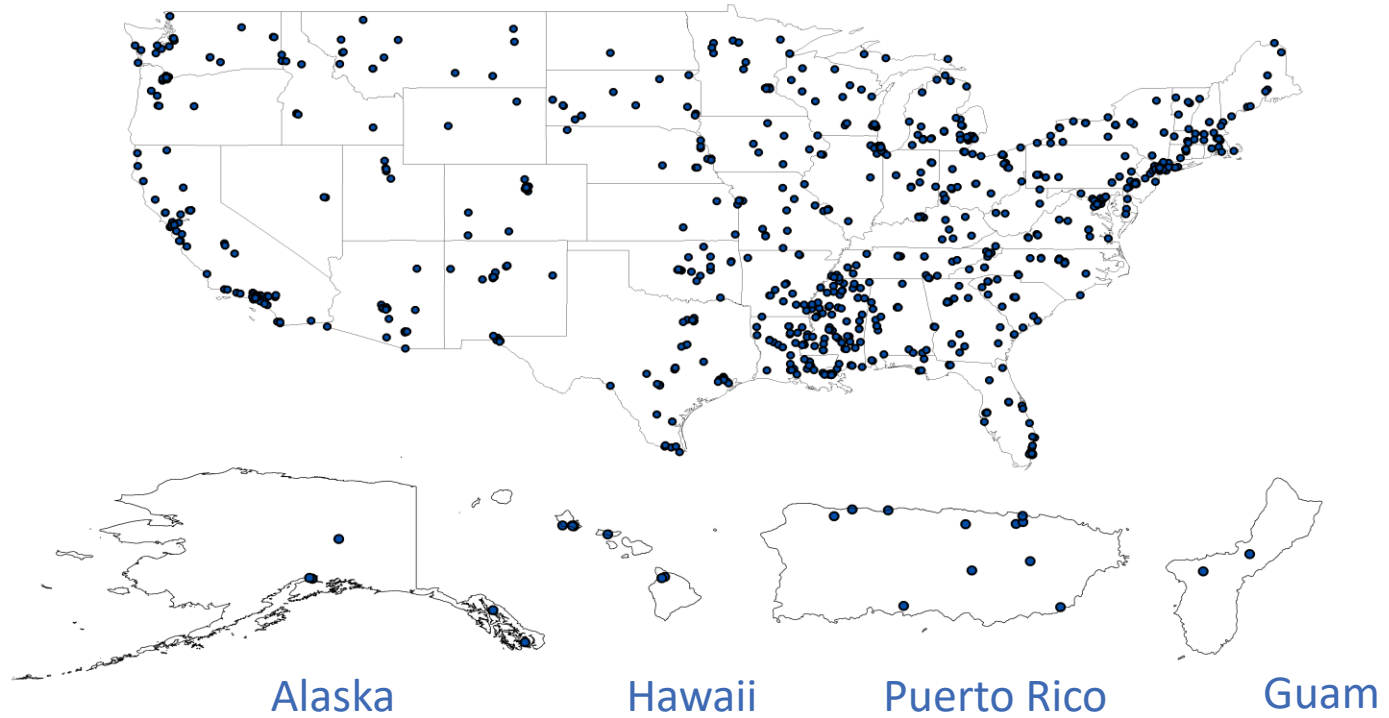
| CDFI Institution Type | Number of Institutions by Type | Sum of Total Assets (\$) | Share of Total Assets (%) | Average of Total Assets (\$) | Median of Total Assets (\$) |
|-----------------------|--------------------------------|--------------------------|---------------------------|------------------------------|-----------------------------|
| Bank/Thrift           | 151                            | \$83,836,923,000         | 27.9%                     | \$555,211,411                | \$322,922,000               |
| Credit Union          | 322                            | \$176,129,279,038        | 58.7%                     | \$546,985,339                | \$154,335,635               |
| Loan Fund             | 527                            | \$38,297,306,196         | 12.8%                     | \$72,670,410                 | \$14,898,590                |
| Venture Capital Fund  | 13                             | \$1,888,926,982          | 0.6%                      | \$145,302,076                | \$11,417,340                |
| <b>Total</b>          | <b>1,013</b>                   | <b>\$300,152,435,215</b> | <b>100.0%</b>             | <b>\$296,300,528</b>         | <b>\$55,282,067</b>         |



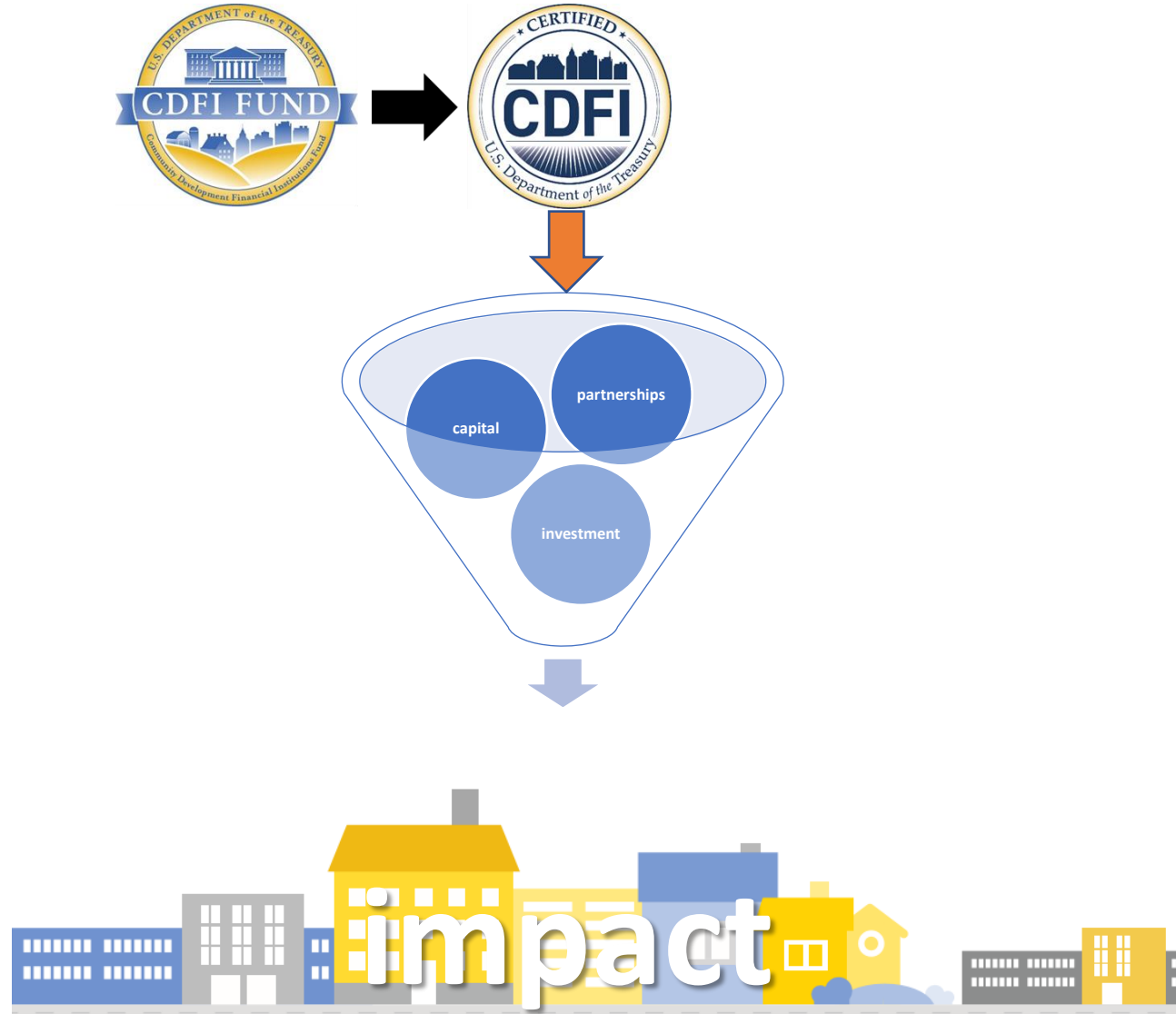


# Overview of the CDFI Fund:

*There are more than 1,400 Certified CDFIs in the United States*



# How do CDFIs do it?



# The CDFI Fund's Programs

| Program  | Who is Eligible?   | Awards Available  | Learn More   |
|--|--|---|--|
| <b>Bank Enterprise Award Program</b>           | FDIC-insured depository institutions   | Awards for a demonstrated increase in lending and investments in distressed communities and CDFIs                             | <a href="http://www.cdfifund.gov/bea">www.cdfifund.gov/bea</a>       |
| <b>Capital Magnet Fund</b>                     | Certified CDFIs and non-profit affordable housing organizations                              | Awards to finance affordable housing solutions and related economic development activities                                    | <a href="http://www.cdfifund.gov/cmfm">www.cdfifund.gov/cmfm</a>     |
| <b>CDFI Bond Guarantee Program</b>             | Certified CDFIs  | Bond loans with a maximum maturity of 29.5 years  | <a href="http://www.cdfifund.gov/bond">www.cdfifund.gov/bond</a>     |
| <b>CDFI Program</b>                            | Certified CDFIs and Certifiable CDFIs  | Financial Assistance and Technical Assistance awards  | <a href="http://www.cdfifund.gov/cdfi">www.cdfifund.gov/cdfi</a>     |
| <b>Native American CDFI Assistance Program</b> | Certified CDFIs, Certifiable CDFIs, and Sponsoring Entities                                  | Financial Assistance and Technical Assistance awards to increase lending and to create or build the capacity of a Native CDFI | <a href="http://www.cdfifund.gov/native">www.cdfifund.gov/native</a> |
| <b>New Markets Tax Credit Program</b>          | Certified Community Development Entities   | Tax credit allocation authority   | <a href="http://www.cdfifund.gov/nmtc">www.cdfifund.gov/nmtc</a>     |
| <b>Small Dollar Loan Program</b>               | Certified CDFIs and partnerships between CDFIs and federally insured depository institutions | Awards to establish Loan Loss Reserves and for Technical Assistance   | <a href="http://www.cdfifund.gov/sdlp">www.cdfifund.gov/sdlp</a>     |
| <b>CDFI Equitable Recovery Program</b>         | Certified CDFIs  | To expand activity in communities with unmet financial service needs and were impacted by the COVID-19 pandemic.              | <a href="http://www.cdfifund.gov/erp">www.cdfifund.gov/erp</a>       |
| <b>CDFI Rapid Response Program</b>             | Certified CDFIs  | One-time grants to deliver immediate assistance in communities impacted by the COVID-19 pandemic                              | <a href="http://www.cdfifund.gov/rrp">www.cdfifund.gov/rrp</a>       |





# The CDFI Fund's Programs: Cumulative Impact

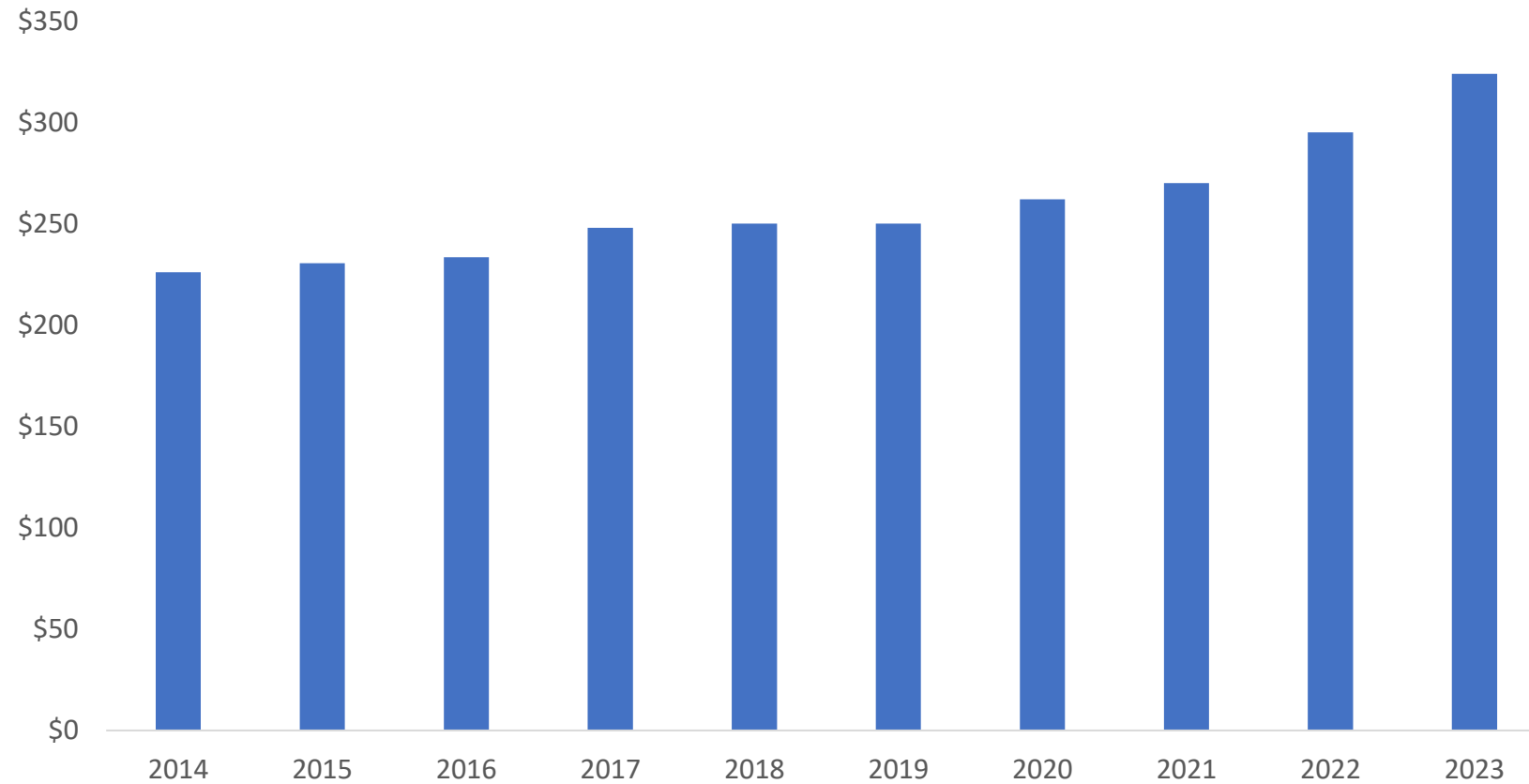
| Program Name                   | Authorization Date | Total Amount Awarded/ Allocated/ Guaranteed Since Inception | Number of Rounds |
|--------------------------------|--------------------|---|------------------|
| Bank Enterprise Award Program  | 1996               | \$572M  | 27               |
| Capital Magnet Fund            | 2008               | \$1.4B  | 8                |
| CDFI Bond Guarantee            | 2010               | \$2.5B  | 11               |
| CDFI Program                   | 1994               | \$3B  | 27               |
| NACA Program                   | 2001               | \$240M  | 20               |
| New Markets Tax Credit Program | 2000               | \$76B   | 19               |
| Small Dollar Loan Program      | 2010               | \$40M   | 3                |
| CDFI RRP                       | 2020               | \$1.25B   | 1                |
| CDFI ERP                       | 2020               | \$1.73B   | 1                |





# Annual Congressional Appropriations, FY2014-FY2023

Appropriations (in millions)



# Impact: CDFI Fund Awardee Investments – All Programs

